NCA

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FRANK M. FEINBERG

DEFINING THE EXIMBANK'S ROLE

ANNCR:

A CONGRESSIONAL COMMITTEE NOW IS HEARING TESTIMONY BEARING ON THE FUTURE OF THE U.S. EXPORT-IMPORT BANK. VOA BUSINESS AND ECONOMICS EDITOR FRANK FEINBERG HAS THIS BACKGROUND REPORT:

VOICE:

THE HEARINGS BEING CONDUCTED BY THE HOUSE BANKING COMMITTEE FOCUS ON TWO ISSUES--EXTENSION OF THE EXPORT-IMPORT BANK'S LENDING AUTHORITY, AND AN INCREASE IN ITS FINANCIAL CAPABILITY. THE EXIMBANK, AS IT IS COMMONOY CALLED, AIDS SALES OF U.S. EXPORTS BY HELPING OVERSEAS CUSTOMERS TO OBTAIN THE FINANCING THEY NEED TO PROCURE GOODS AND SERVICES EXIMBANK EXTENDS DIRECT LOANS TO FOREIGN BUYERS. IT ALSO GUARANTEES EXPORT LOANS THROUGH PRIVATE INSTITUTIONS, SUCH AS COMMERCIAL. SPECIFICALLY, WHAT IS BEING REVIEWED IS WHETHER TO GRANT THE BANK ANOTHER FIVE-YEAR EXTNESION OF ITS OPERATING CHARTER, AND WHETHER TO RAISE ITS CREDIT CEILING UP TO FORTY-THOUSAND MILLION DOLLARS.

SUPPORTERS OF THE EXIMBANK SAY IT'S VITAL THAT THE UNITED STATES EXPAND ITS EXPORT AND THAT U.S. BUSINESS AND LABOR HAVE AN ALLY IN EXIMBANK. ECONOMISTS CITE THE BIG U.S. TRADE DEFICIT LAST YEAR, AND CONTEND THAT EXIMBANK IS NEEDED TO SUPPORT EXPORTERS; EFFORTS BY ENSURING THAT POTENTIAL SALES ARE NOT LOST BECAUSE THE NECESSARY CREDIT CAN NOT BE ARRANGED. ADMINISTRATION WITNESSES ESTIMATE THAT U.S. EXPORTS WOULD INCREASE BY TEN PER CENT ANNUALLY OVER THE NEXT FIVE YEARS WITH STRONGER FINANCIAL HELP FROM EXIMBANK.

BUT THE EXIMBANK HAS ITS CRITICS ALSO. THEY HAVE CHARGED THAT THE BANK FINANCED PROJECTS ABROAD, PARTICULARLY STEEL MILLS, THAT HAVE RESULTED IN WHAT THEY DESCRIBE AS THE "EXPORT" OF AMERICAN JOBS. THAT IS, LOSS OF JOBS FROM COMPETITION. OTHER DETRACTERS HAVE TOLD THE CONGRESSIONAL COMMITTEE EXIMBANK HAS SUPPORTED BUSINESS OPERATIONS IN COUNTRIES THAT VIOLATE HUMAN RIGHTS. AND SOME SMALLER U.S. BUSINESS FIRMS HAVE CLAIMED THAT THE BANK PRIMARILY HELPS ONLY BIG CORPORATIONS

ALTHOUGH THERE ARE DIVERGENT OPINIONS REGARDING EXIMBANK'S OPERATIONS, THERE IS CONSENSUS ON SOME ECONOMIC FACTS. SALES OF U.S. PRODUCTS ABROAD MEANS MORE JOBS AT HOME. ALSO EXPORT SALES ENABLE THE UNITED STATES TO EARN THE FOREIGN EXCHANGE NECESSARY TO BRIDGE THE TRADE GAP.

THE HOUSE BANKING COMMITTEE, AFTER HEARING ALL THE WITNESSES AND EVALUATING THE EVIDENCE, WILL HAVE TO MAKE ITS RECOMMENDATIONS TO THE FULL CONGRESS.

JS/PY